of the House, the following Members will be recognized for 5 minutes each.

INTRODUCTION OF FEDERAL JUDICIAL FAIRNESS ACT OF 2001

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. BIGGERT) is recognized for 5 minutes.

Mrs. BIGGERT. Mr. Speaker, I rise today to introduce the Federal Judicial Fairness Act of 2001.

This morning, the American Bar Association and the Federal Bar Association released a report detailing a fundamental problem that has been escalating over the past decade, the erosion of fair and adequate compensation for the Federal judiciary.

These two well-respected groups found that the current salaries of Federal judges have reached such a level of inadequacy and quality that the independence of the third branch of our Federal Government is threatened. I agree with these findings.

Since 1993, Congress has granted Federal judges only three of a possible nine cost-of-living adjustments, leaving our judges with a 13.4 percent decline in purchasing power. Not coincidentally, 54 Federal District Court and Circuit Court judges have left the bench in the 1990s, compared to only three during the entire 1960s.

Yes, the salaries of Federal judges are higher than the average salary in many occupations. But, yes, the salaries that our Federal judges could earn in the private sector could be exponentially higher than what they earn as judges.

No individual agrees to serve in the Federal judiciary because of the pay. Individuals seek and accept nominations to the bench because they want to serve their country. But this does not mean that they should forego fair compensation for their critical work. It should be Congress' goal to ensure that the judges can afford to commit to public service and make certain that the judiciary is not open only to those with the financial means to do so.

Absent a change in the way we compensate these judges, I fear that the superior quality of our Federal judicial system may deteriorate over time.

This is why I am introducing the Federal Judiciary Fairness Act. The bill restores the six cost-of-living adjustments that Congress failed to grant the Federal judiciary in the 1990s, amounting to an immediate 9.6 percent salary increase.

My bill also fixes the annual pay adjustment problems for Federal judges. Unlike other Federal employees, Members of Congress and the President's Cabinet, Federal judges receive a COLA only if Congress specifically authorizes it. Under the Federal Judiciary Fairness Act, Federal judges will receive an annual COLA not subject to the approval of Congress. The size of the COLA would be determined by the Employment Cost Index, but it would not be larger than one received by other Federal employees under the General Schedule pay rate.

Together, these provisions will do much to remedy a problem, disparity in pay between the private and public sectors, that plagues one of the three branches of the Federal Government. But, Mr. Speaker, this legislation is about more than just fairly compensating the individuals who sit on the Federal bench. We must ensure that our Federal judiciary can attract and retain the best and the brightest. Passing the Federal Judicial Fairness Act is a small but important step in achieving this goal.

I want to thank my colleagues, the gentleman from Mississippi (Mr. WICKER) and the gentleman from Virginia (Mr. DAVIS), for agreeing to be original cosponsors of this legislation; and I urge all my colleagues to support the Federal Judicial Fairness Act.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Guam (Mr. UNDERWOOD) is recognized for 5 minutes.

(Mr. UNDERWOOD addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Speaker, many government and Federal Reserve officials have repeatedly argued that we have no inflation to fear; yet those who claim this define inflation as rising consumer and producer prices. Although inflation frequently leads to price increases, we must remember that the free market definition of inflation is the increase in supply of money and credit.

Monetary inflation is seductive in that it can cause great harm without significantly affecting government price indices.

□ 1845

The excess credit may well go into the stock market and real estate speculation, with consumer price increases limited to such things as energy, repairs, medical care and other services. One should not conclude, as so many have in the past decade, that we have no inflation to worry about. Imbalances did develop with the 1990s monetary inflation, but were ignored. They are now becoming readily apparent as sharp adjustments take place, such as we have seen in the past year with the NASDAQ.

When one is permitted to use rising prices as the definition for inflation, it is followed by a nonsensical assumption that a robust economy is the cause for rising prices. Foolish conclusions of this sort lead our economic planners and Federal Reserve officials to attempt to solve the problem of price and labor cost inflation by precipitating an economic slowdown.

Such a deliberate policy is anathema to a free market economy. It is always hoped that the planned economic slowdown will not do serious harm, but this is never the case. The recession, with rising prices, still comes. That is what we are seeing today.

Raising interest rates six times in 1999 to 2000 has had an effect, and the central planners are now worried. Falsely, they believe that if only the money spigot is once again turned on, all will be well. That will prove to be a pipe dream. It is now recognized that indeed the economy has sharply turned downward, which is what was intended. But can the downturn be controlled? Not likely. And inflation, by even the planners' own definition, is raising its ugly head.

For instance, in the fourth quarter of last year, labor costs rose at an annualized rate of 6.6 percent, the biggest increase in 9 years. What is happening to employment conditions? They are deteriorating rapidly. Economist Ed Hyman reported that 270,000 people lost their jobs in January, a 678 percent increase over a year ago.

A growing number of economists are now doubtful that private growth will save us from the correction that many free market economists predicted would come as an inevitable consequence of the interest rate distortion that Federal Reserve policy causes.

Instead of blind faith in the Federal Reserve to run the economy, we should become more aware of Congress' responsibility for maintaining a sound dollar and removing the monopoly power of our central bank to create money and credit out of thin air, and to fix short-term interest rates, which is the real cause of our economic downturns.

Between 1995 and today, Greenspan increased the money supply, as measured by MZM, by $1.9 trillion, or a 65 percent increase. There is no reason to look any further for the explanation of why the economy is slipping, with labor costs rising, energy costs soaring, and medical and education costs skyrocketing, while the stock market is disintegrating.

Until we look at the unconstitutional monopoly power the Federal Reserve has over money and credit, we can expect a continuation of our problems. Demanding lower interest rates is merely insisting the Federal Reserve deliberately create even more credit, which caused the problem in the first place. We cannot restore soundness to the dollar by debasing the dollar, which is what lowering interest rates is all about, printing more money.

When control is lost in a sharp downturn, dealing with it by massive monetary inflation may well cause something worse than the stagflation that we experienced in the 1970s; an inflationary recession or depression could result.